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A RAND NOTE

Rethinking Security Arrangements in Europe

**Charles Cooper, Keith Crane,
Thomas Hirschfeld, James Steinberg**

August 1990

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This Note analyzes the implications for Western security policy of the momentous changes taking place in Eastern Europe and the Soviet Union. It discusses the ongoing changes in Eastern Europe, the Soviet Union, and the European Community, and why they are making the existing security regime obsolete and inadequate. It then describes a suggested new security architecture designed to facilitate the removal of all Soviet forces from Eastern Europe and the reduction of NATO forces to well below present levels, to encourage the evolution of NATO into a primarily political association, to remove security-related external barriers to the unification of Germany, and to encourage the development of independent, democratic governments in Eastern Europe. It addresses the implications of the asymmetrical geo-strategic positions in Europe for the United States and the Soviet Union, and suggests why the new architecture is better designed than present arrangements to handle a possible policy reversal in the Soviet Union. 47 pp.

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Rethinking Security Arrangements in Europe

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August 1990

**Prepared for the
United States Air Force**

RAND

PREFACE

As the dramatic events of the fall of 1989 changed the face of Eastern Europe and by implication that of Western Europe as well, several RAND analysts came to believe that a synthesis of military, political, and economic analyses on both halves of Europe could produce insights and proposals for U.S. European strategy. The range of views within RAND suggested that not one but (at least) two analyses would be necessary to do justice to the richness and uncertainty of the European world. A companion volume, Robert A. Levine and David A. Ochmanek, *Toward a Stable Transition in Europe: A Conservative/Activist Strategy for the United States*, N-3106-AF, will be published simultaneously with this Note.

This analysis is not meant to be a definitive assessment. It reflects some speculation and informed judgment, as well as substantial amounts of fieldwork and other research. It is offered now because preliminary analyses are useful in a time of rapid change.

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SUMMARY

In 1989 a dramatic series of events irreversibly reshaped the European security landscape. The challenge now facing the United States and its allies is to shape policies that the new realities of Europe reflect. This Note describes the changes that have made the old framework of European security obsolete, discusses the main elements of a proposed new security architecture for Europe, and outlines an orderly transition from present arrangements to such an architecture.

More than anything else, changes in the USSR's internal and external policies have provided the stimulus for the recent transformation in Europe's security landscape. By the time Mikhail Gorbachev took power, a consensus had developed among Soviet leaders on the need for major reform in economic policy. The resulting amalgam of *perestroika*, *glasnost*, and *demokratizatsiya* has irreversibly transformed the Soviet system, without as yet bringing either economic progress or domestic tranquility. "New thinking" in Soviet foreign policy was also the outgrowth of the failures of past security and foreign policies. One casualty of Soviet reform and "new thinking" on foreign policy was the Brezhnev Doctrine. The abandonment of this doctrine ended Soviet hegemony in Eastern Europe. Economic and political uncertainties are so great that no one can predict what is going to happen in the Soviet Union even over the next year or two. For the first time in many years, stability and order in the Soviet Union cannot be comfortably assumed.

In 1989 the Communist governments in Eastern Europe collapsed; these countries are attempting a rapid transition to non-Communist political democracy and market economies. As a result of this revolution, the post-World War II security structure in Eastern Europe has rapidly unraveled. With the victory of the Christian Democratic-dominated coalition in East Germany, Germany will be rapidly unified unless unforeseen events intrude. A unified Germany hosting large numbers of foreign troops belonging to two opposing military blocs is not a durable arrangement. Some of the new governments in Eastern Europe will be short-lived, and it will take some time before politics settles down to a reasonable degree of democratic disorderliness. Nevertheless, East European reversion to recent or historical authoritarian models is unlikely. **A key factor in promoting European stability will be the integration of Eastern Europe into the broader European community.**

Although recently overshadowed by the revolutionary events of 1989 in Eastern Europe and the dramatic changes in the Soviet Union under Gorbachev, the commitment by the Council of the European Community (EC) in June 1985 to create a completely free internal EC market by the end of 1992 marked a transformation of Western Europe that is also revolutionary. A new development is the question of widening participation in this market by European Free Trade Association members and countries. What has opened up in 1989 is a vision of a single integrated European market stretching from the British Isles to the borders of the USSR.

European economic integration is a powerful anchor for Germany in Europe. As the integrative process of 1992 proceeds, this interdependence between Germany and its EC partners will deepen. While achieving a common defense policy and eventually a true political union remains further down the road, EC cooperation at a political level through the European Political Cooperation is intensifying. Simultaneously the sense of a diminishing Soviet threat means that there will be less of a strategic counterweight to the economic and political strains in U.S.-West European relations. In the end, therefore, the decisive influence on future transatlantic relations may be success in reaching a common understanding on the appropriate security architecture for Europe and on what the role of the United States will be in the new security arrangements.

Possible models for a European security order for the 1990s include: Modified Status Quo, NATO Wins, and A New Security Architecture.

Modified Status Quo: In this model both NATO and the Warsaw Pact survive: The USSR provides military security to Eastern Europe and accepts self-determination and independence in the region (the Sinatra doctrine). Soviet troops remain in the eastern part of Germany and NATO troops in the western part.

NATO Wins: The Warsaw Pact is dissolved and Soviet troops leave Eastern Europe. Germany is reunified in NATO, and NATO's formal defense line is extended to the Oder. NATO increasingly becomes the de facto security guarantor of the nominally neutral East European states against any Soviet effort to reexert control. The United States remains in Europe (including Germany) at lower but operationally significant force levels.

A New Security Architecture for Europe: Political developments in Eastern Europe lead to the dissolution of the Warsaw Pact and the withdrawal of all Soviet troops from Eastern Europe. After a successful CFE outcome, Soviet forces are reconfigured

more defensively within the borders of the USSR. NATO disbands the integrated military command structure and the military activities associated with that structure. NATO remains as a "political" organization within the new security framework (a change that is not current U.S. policy).

The new security structure, as envisaged in this Note, also entails a peace settlement between the World War II victors and "Germany," which, among other things, ends the residual Four Powers arrangements in Germany, specifies German boundaries, and stipulates transitional arrangements concerning military forces. Permanent restrictions on German military forces other than those specified by Conventional Forces in Europe (CFE-1) talks emerge out of future Conference on Security and Cooperation in Europe (CSCE) negotiations.

Under this model, CSCE is institutionalized as a forum to resolve security-related disputes under the terms of the "2+4" agreement¹ and for negotiating subsequent disarmament and confidence-building measures. The CSCE is strengthened through the creation of a permanent secretariat and modification of the unanimity rule. The United States retains a small military presence in Europe in support of the new collective security arrangement, and for out-of-area operations. All short-range nuclear weapons are eliminated, except that some U.S. air-launched nuclear weapons might remain in Great Britain.

A security architecture based on a collective, pan-European framework has several advantages over a NATO-dominated *pax Europa*. However, such a framework can be successful only if it does not pose a threat to the Soviet Union itself. To achieve this goal, a successful architecture must lead all nations away from their current reliance on heavy, mobile standing forces toward greater dependence on reserves and territorial defense.

The first step in constructing a new security architecture is to complete CFE. The 2+4 talks on German unification are the second part of the ongoing transition process. The entire European security landscape could be linked to the 2+4 process through the convening of a summit of all CSCE nations that would:

¹Ongoing negotiations between the four "occupying powers" and the two German states.

- Refurbish the links among the 23 nations involved in CFE and the 35 CSCE countries as provided for in the CFE mandate.
- Serve as a transition from the bloc-to-bloc force cuts of CFE to the multilateral drawdowns and restructuring to be negotiated in arms talks.
- Embed the results of the 2+4 talks in a broader European framework giving all European states an opportunity to discuss and accept the security arrangements for a unified Germany.
- Begin transforming limits on military forces developed in the 2+4 talks into national limits applicable to all nations with forces in Europe.
- Initiate the institutional reform needed to allow the CSCE to play an expanded role in European security.

Finally, the United States, together with its allies, must begin promptly to flesh out what it means by Secretary Baker's call for the evolution of NATO from a military to a political alliance. In so doing, the United States should articulate what it sees as its long-term interests in Europe, what role the United States will seek to play, and how.

The security arrangements in the proposed new architecture are better suited to deal with the danger of reversion to old style Cold War confrontation than present arrangements. Moreover, policies that appear to perpetuate the Cold War are likely to have the perverse effect of unnecessarily prolonging military confrontation. The evolution of the Soviet Union into a democratic, prosperous, and peaceful state is far from certain, but it is no longer unthinkable. One test of appropriate Western security policies is whether they are consistent with such an evolution.

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I. INTRODUCTION

In 1989 a dramatic series of events irrevocably reshaped the European security landscape. The challenge now facing the United States and its allies is to shape policies that reflect the new realities of Europe and take advantage of this unprecedented opportunity to create a new era of stability, prosperity and democratic self-government for all of Europe. Under the conditions prevailing in Europe today, clinging to the status quo and attempting to preserve the current security framework risks more than losing an opportunity; it threatens to provoke rather than reduce conflict. We must begin promptly to design and implement a coherent framework that responds to the new realities. This Note describes the changes that have made the old framework obsolete, discusses the main elements of a proposed new security architecture for Europe, and outlines an orderly transition from present arrangements to such an architecture.

The events of 1989 have fundamentally altered the European security environment. NATO remains strong and unified, but the Warsaw Pact has become, at most, a hollow shell. East Europeans are increasingly unwilling to participate in the Warsaw Pact. Hungary and Czechoslovakia have reached agreement with the USSR for all Soviet troops to be withdrawn from their territories by mid-1991. Most of Eastern Europe is holding democratic elections. The barriers dividing East from West are being erased, a political sea-change vividly symbolized by the physical destruction of fortified borders in Czechoslovakia and Hungary and the breaching of the Berlin Wall.

The division of Germany appears to be near an end and the Central Front itself is fading away like the Cheshire Cat. The memory of what it was is already clearer and more distinct than its reality. With German unification as a prospect rather than just a goal, the bipolar security arrangements of yesterday become increasingly difficult to sustain and less and less relevant to the states of the emerging Europe.

Little remains of the military competition and sense of threat that dominated East-West relations throughout the postwar period. Western perceptions of Soviet conventional dominance have declined sharply. East European support for Soviet military operations against the West has become implausible, as has a successful Soviet surprise or mass attack. As familiar threats erode and adversaries' capabilities decline, current military force postures, strategies, and doctrines can no longer be justified on either side.

The Soviet Union is groping for new policies to manage its economic, ethnic, and political problems. Eastern Europe is attempting a difficult transition from one-party dictatorships that presided over the failing relics of central planning to democracies with market economies. These events are occurring while the European Community is proceeding with its most ambitious program for further integration since its birth, and the United States is attempting to emphasize policies that will restore productivity and international competitiveness.

As yet, policy responses to the fundamental changes in the postwar political and security environment in Europe remain partial and incomplete. Among national security policymakers in both East and West, opinion remains divided about whether to gradually transform existing institutions and arrangements, or to design and set in place a new architecture to fit the emerging environment. We believe that circumstances are changing too quickly for the existing framework to survive. The need for a new architecture is urgent. First, the rapid changes in Europe, impelled primarily from below by strong and long-suppressed popular aspirations, make existing structures irrelevant. Second, the risks to peace and stability from trying to maintain those structures in the face of fundamental change are greater than the dangers of moving forward.

The first area of concern stems from the unification process already underway between the two Germanies. The March 18 GDR elections brought on a government favoring rapid unification. De facto unification was already taking place on the ground, so whatever FRG government emerges from the December 1990 elections will now be committed to concrete progress toward unification. Thus, the conflict between the postwar security institutions based on the division of Germany and German unification, so long an abstract "question," has come into the open.

The Federal Republic has a 40-year history as a stable democracy with strong economic and political ties throughout Europe, surely an important element of reassurance against fears of renewed German militarism or aggressive nationalism. Yet Germany's former adversaries, both East and West, remain anxious about what a united Germany would imply by virtue of its sheer size and economic strength. Without a security architecture that offers guarantees to Germany's neighbors, German unification will create a serious source of tension in the heart of Europe; but any attempts to impede the process of unification in the name of European stability will provoke resentment and possibly a nationalist reaction in Germany that will threaten European peace. One

solution to this dilemma is rapid progress toward a new security architecture that accommodates unification while providing adequate security assurances to Germany's neighbors.

A second set of arguments favoring urgency arises out of the potentially volatile relations between the USSR and its former external empire—the nations of Eastern Europe. East European publics will not willingly accept continued Soviet involvement in their security affairs. For Poland, neither territorial disputes nor latent concerns about German expansionism will be sharp enough to lead it to tolerate a Soviet troop presence indefinitely. Maintaining Soviet forces in a united Germany will only bring great instability. There can be no happy outcome for the USSR from the devastating rejection of Communism and Soviet hegemony. Regardless of whether the USSR can maintain sizable military forces in Poland and the GDR for a few more years, keeping the status quo in the face of popular resistance would seriously damage Soviet influence and prestige.

If Soviet domestic crises persist as seems likely, a conservative backlash in the USSR over the question of "Who lost East Europe?" could arise in the security vacuum of a prolonged transition. Such a development could erode political support for Soviet reformist leaders. Indeed, in an environment of domestic frustration, fantasy notions about restoring Soviet hegemony in Eastern Europe could even bring on quixotic attempts to do so. The sooner Soviet forces are out of Eastern Europe in a manner that is acceptable to the USSR and consistent with a security architecture responsive to the needs of all European states, the more stable Europe will be.

The turmoil in the Soviet Union is exacerbated by the condition of the Soviet economy, where prospects for reform are clouded. Substantial early cutbacks in the defense sector offer one of the few clearly discernible ways of easing Soviet financial strains and mobilizing resources in support of reforms. For years the Soviet economy and society have been weakened by high military expenditures and diversion of both resources and technological capability from the civilian sector. Rapid progress toward a new security architecture could improve the prospects of successful reform and continuation of conciliatory policies toward the West. Conversely, delays could jeopardize both reform and the political gains of the last several years.

Finally, several potential scenarios of intra-Alliance conflict could best be resolved through rapid movement toward a new security architecture. An indefinite,

large, and visible American troop presence, particularly in Germany, is as likely to become problematic as is the presence of Soviet troops in Eastern Europe. Without a credible Soviet threat, abstract arguments about stability may not be enough to offset German dissatisfaction over the inconveniences and hazards associated with large numbers of foreign troops.

Peace dividends are universally expected and publics are not inclined to wait, as is demonstrated by the Belgian announcement of plans to withdraw forward-deployed forces. Large military expenditures like those of the NATO nations require a plausible and proportionate threat.

In the United States, only the defense budget offers a politically feasible pool of resources that can be tapped to restore U.S. productivity and investment levels and consequently a healthier financial and social balance. In Europe, the reform and restructuring of the East and West European economies will require substantial investments. Although the mid-term economic outlook for Eastern Europe is favorable, the short-term strains will be substantial. In Germany, creating a greater equality of living standards offers the only way to slow large-scale migration from East to West. Although opportunities for reducing military expenditures are proportionately less in Europe than in the United States, the margin provided by early cutbacks will be of considerable importance in the difficult early days of reconstruction and reform.

Domestic demands to reduce defense spending and direct resources to other purposes means that there is little prospect of sustaining defense spending at levels needed to support the force levels contemplated by the Conventional Forces in Europe (CFE) negotiations. Without an early consensus on how to allocate manpower and equipment reductions among the Allies, recriminations about burden-sharing could intensify. Such strains would complicate the creation of a new political role for NATO and the forging of a new relationship between the United States and the European Community (EC) as Secretary Baker has proposed. Strains related to burden-sharing could have a particularly sharp effect within the EC just where they will be most politically troublesome—between Germany and its NATO allies. The next few years will see the creation by the European Community of a unified economic area (EC-92), the conclusion of the Uruguay Round of negotiations of the General Agreement on Tariffs and Trade (GATT), and the construction of new trade and investment relations with Eastern Europe.

Acrimony over burden-sharing could inhibit the establishment of healthy trade and economic relations between Europe and the United States.

A suggested new architecture is elaborated in Sec. V as a contribution to the emerging public debate on security arrangements in Europe. This new architecture would facilitate the removal of Soviet forces from Eastern Europe as rapidly as possible, under conditions acceptable to the USSR, and permit a reduction of NATO forces, including U.S. forces, well below the levels under discussion in the CFE negotiations. It would help remove any security-related external barriers to the unification of Germany, and encourage the development of independent, democratic governments in Eastern Europe by allaying security concerns in the East European militaries and elsewhere. NATO would be transformed from an East-West oriented military organization into a political alliance to manage Western interests, including maintaining the infrastructure essential for a return of U.S. military forces if that should ever be necessary. Present NATO members, including a united Germany, would be free to continue their association but would not be required to do so.

A strengthened Conference on Security and Cooperation in Europe (CSCE) would ultimately play a central role in the new security architecture. Enhancing CSCE will be an evolutionary process, beginning with negotiations among the 35 CSCE nations for rapid, post-CFE drawdowns in manning levels and readiness of heavy armed forces, monitored by the procedures established by CFE. CSCE could also provide the impetus for removing short-range nuclear force (SNF) systems from the territories of nonnuclear states by establishing such an agreed principle for Europe. Over time, the CSCE would assume additional responsibilities, beginning with regular meetings at the level of heads of government and foreign ministers to discuss European security issues. Institutional reform, including creating a permanent secretariat and modifying the pure consensus rule would allow the CSCE to play a more active role in articulating national rules of conduct. In this framework, the USSR would have its legitimate security needs recognized and accommodated (like all other member-states), an arrangement that would facilitate the early withdrawal of Soviet military forces from all of Eastern Europe.

The process of international consultation and discussion needed to launch such a new architecture will undoubtedly result in additional ideas on integration and security. Although the process of negotiation may produce an architecture for Europe that differs from the one suggested here, any such architecture will have to deal with the same core issues.

Defining an architecture is only one part of the task. The question of how to get from where we are to the new architecture is equally important. We suggest prompt diplomatic consultations to lay the groundwork for an early CSCE summit. Such a summit, to be held this year if the pace of arms control negotiations and the 2+4 talks on German unification permit, would set the stage for two important tasks. The first, to be undertaken as soon as possible after the December elections in the Federal Republic of Germany (FRG), is to conclude a peace agreement; the second is to reach agreement within the CSCE on the provisions of a new architecture and on its implementation.

Building on the outcome of the 2+4 talks, peace arrangements would resolve residual territorial questions, end Four-Power rights for all of Germany, and establish a framework for unification between the FRG and GDR. Except for temporary restrictions such as limits on restationing the Bundeswehr, security arrangements for Germany would be the same as the national rules, applicable to all states, established by CSCE in the second conference.

We believe that the architecture proposed in this Note and the associated process of transition provide strong security guarantees in the event of a shift in Soviet policy and that there is no security reason for the United States or its allies to forgo the many benefits of moving forward.

II. CHANGES IN THE USSR

THE GORBACHEV REASSESSMENT

Domestic Economic and Social Problems

More than anything else, changes in the USSR's internal and external policies have provided the stimulus for the current transformation in the security landscape of Europe. Since President Gorbachev became head of the Soviet Communist Party in 1985, Soviet policymakers have fundamentally reassessed national security policy. The impetus for this was the general social and economic stagnation in the Soviet Union that had become evident to Soviet leaders late in the Brezhnev era. Continued Western advances in technology made it apparent that Soviet economic performance was falling far behind that of Western industrial powers. The security implications were ominous: Not only were the costs of competing with the West militarily escalating, thereby reducing economic growth and imposing an increasing burden on the Soviet people, but there was no realistic prospect of modernizing Soviet armed forces rapidly enough to avoid their falling behind technologically. The Soviet Union needed to establish a new basis for national security to ease these problems.

By the time Gorbachev took power, a consensus had also developed among Soviet leaders on the need for major reform in economic policy, although there was no clear idea of what more effective policies might consist of. Gorbachev's early initiatives harked back to Andropov's efforts to restore discipline and curtail corruption. They called for more discipline in the work-place, established the most radical anti-alcohol campaign in Russian history, and launched yet another anti-corruption drive. Subsequently, Gorbachev began a major campaign to improve the shoddy quality of Soviet-produced goods and an ambitious program to invest in and modernize industry.

Unsatisfactory results led Gorbachev to conclude that a more radical and comprehensive approach to reform was necessary, including greatly increased independence for enterprises and a broad expansion of the "cooperative" sector. He recognized that modernizing the economy required a new attitude toward information and, eventually, political control. The resulting amalgam of *perestroika*, *glasnost*, and *demokratizatsiya* has irreversibly transformed the Soviet system without as yet bringing either economic progress or domestic tranquility. As of the spring of 1990, President

Gorbachev is expected to announce a radical economic reform program, to take effect by January 1991.

The Failure of Past Soviet Security Policies

"New thinking" in Soviet foreign policy was also the outgrowth of the failures of past security and foreign policies. The campaign against the intermediate-range nuclear forces (INF) agreement failed to weaken NATO unity. Heightened military competition with the United States and NATO posed a costly, difficult economic challenge to the Soviet Union. The quagmire of Afghanistan added impetus to the reassessment of national security policies. Although many in the Soviet military understood that military budgets had to be cut and doctrine revised, resistance to the budget and arms control implications of this reappraisal was still substantial.

Soviet security policy has changed as evidenced by the pullout from Afghanistan, arms control initiatives and accomplishments—INF, Strategic Arms Talks (START), CFE, chemical weapons—defense budget cutbacks, and the unilateral force reductions announced by Gorbachev in December 1988 at the United Nations. The beginnings of a swords-into-plowshares restructuring of the Soviet defense industry can even be seen. Perhaps the most persuasive Soviet arms control step is their apparent willingness to accept asymmetrical cuts in conventional forces as a means of establishing military parity between NATO and the Pact.

One casualty of Soviet reform and "new thinking" on foreign policy was the Brezhnev Doctrine. That policy crumbled in part because domestic reform made it impossible to object to similar restructuring in Eastern Europe. In addition, after the INF agreement, the Soviet Union was set on the path of arms control and economic cooperation with the West. Changing East-West relations and Soviet security policies increased the political costs of using force to maintain Soviet and Communist dominion in Eastern Europe. Soviet statements in 1988 and early 1989 indicated an increase in tolerance. Poles and Hungarians began to test the waters of independence. The Polish election and its consequences were a sign of the hitherto unthinkable: non-Communist governments in Eastern Europe. The abandonment of the Brezhnev Doctrine was certified in October in the German Democratic Republic (GDR) when Gorbachev told Erich Honecker that Soviet forces would not put down pro-democracy demonstrations. From that point, the Soviet Union appeared to intervene in support of reformists in an effort to salvage a future role for Communist parties in a rapidly democratizing Eastern

Europe. Although the future extent of Soviet influence remains to be seen, Soviet hegemony is over.

THE SOVIET CRISIS OF 1990

A central element in the deepening Soviet crisis is the economy's persistent unraveling. *Perestroika* has had no positive results, and the outlook for 1990 is not encouraging even if the promised radical reforms are actually put into effect in the near future. Daily life is becoming more and more difficult, and a thriving black market symbolizes to many Soviets *perestroika's* failure and irrelevance. Support of market-oriented reforms have no clear political consensus, and near term solutions to the economic problems of recent years—inflation, shortages, slow growth, and inability to export anything but raw materials to world markets—will be hard to come by.

The economic crisis is also exacerbating internal political strains and nationalist independence movements are growing in strength and coherence. The Lithuanian declaration of independence is unlikely to be the last as strong popular support continues for nationalist movements in the Baltic states, the Ukraine, Belorussia, Georgia, Azerbaijan, and elsewhere. There is no end in sight to the ethnic and religious conflicts that have erupted between Azeris and Armenians, Turks and Uzbeks in Uzbekistan, and Russians and Moldavians. Nationalist crises are a product not only of growing economic strains but of the spillover from events in Eastern Europe that have stimulated and legitimized ethnic demands for independence. Decolonization as it occurred in the rest of the world in the 1950s and 1960s echoes in recent events in the Soviet Union. Without the lubricant of economic growth, these strains are getting more serious; 1990 will see no relief from them. A similar process is taking place in relations between the Soviet Union and its foreign clients. The announced Soviet plan of reverting to world prices in trade with East Europe in 1991 is a clear signal of the end of subsidization to that region. Similarly, the subsidies and aid given to Cuba and Viet Nam are being sharply scaled down. This economic support has traditionally been on a large scale, some \$6 billion a year to Cuba alone.

Neither the on-again, off-again economic reforms, nor the cutbacks in Soviet support of its internal and external clients, nor the stringencies that the Soviet military budget will feel are expected to reignite economic growth in 1990. Economic stagnation will continue to provide a fertile breeding ground for strikes and civil unrest, as indicated by the 1989 miners' strikes.

On the political front, 1990 offers only more instability and uncertainty even though the power and authority of the presidency has been greatly strengthened. The apparent move to multiparty democracy opens up an enormous range of unsettled issues. Neither the role of the Party nor that of the "Parliament" is yet well defined. Unlike the situation in Eastern Europe, Soviet nationalism and communism are not inevitably in opposition. After 70 years, many conservative nationalists identify with communism as a homegrown, uniquely Russian form of governance. However, some reformers, certainly not all, are willing to shed the burdens of empire and power to buttress Soviet economic performance. The reformers themselves are far from homogeneous. They vary from social democrats (for whom the Swedish model is the current rage) to market devotees of an orthodoxy that would warm the heart of Milton Friedman. The resulting blend of political beliefs and bureaucratic interests makes it impossible to predict policy. Even if one has faith that the winds of history will eventually prove to be as powerful in decolonizing, democratizing, and unleashing market forces in the Soviet Union as they have been elsewhere, no one can imagine today how or when this will take place.

In other countries the military has played a critical role at similar junctures, and that may yet prove to be the case in the Soviet Union. As yet, there are few signs of such a development. Although there is some evidence of a growing nationalism in the officer corps, the Soviet military has no tradition of playing an independent political role. The continuing economic crisis is forcing reductions in military budgets, and prospective cuts in force structure have aroused fears in the officer corps of a repetition of hardships similar to those brought on by Khrushchev's demobilizations in the late 1950s.

Evolutionary change with some degree of stability still seems marginally more likely than chaos and civil strife. But as Adam Smith once said, "Countries have a lot of ruin in them." Maybe so, but for the first time in many years stability and order in the Soviet Union cannot be comfortably assumed.

III. THE REVOLUTION OF 1989 IN EASTERN EUROPE

WHAT HAS CHANGED?

Politics and Economics

In 1989 the Communist governments in Eastern Europe collapsed. In 1990 these countries are attempting a rapid transition to political democracy. The successor governments in all these states have called for a new political and economic order based on democratic, multiparty elections, the supremacy of law, and, with the exception of Romania, the installation of market economies.

The forces that overthrew the old systems have largely repudiated "socialism." They argue that the combination of market economies and political democracy in Western Europe has been a success story; "socialism" has been a failure. Interest in untried "third ways" appears to be confined to some intellectuals; popular support for this course is nearly nonexistent. The failure of Yugoslavia's economic and political system seems to many an object lesson in the futility of a search for a more efficient socialist system.

The new governments are practicing what they preach. Poland, Hungary, and the GDR have plunged immediately into adoption of market economies. Czechoslovakia is trying, probably futilely, to make the transition at a more stately pace. Bulgaria claims to be moving toward a market economy, but this policy has yet to be implemented. The Romanian government still advocates central planning, although there has been some de facto privatization in the villages.

Security Relations with the Soviet Union

Since Gorbachev's speech at the United Nations in December 1988, the post-World War II security structure in Eastern Europe has rapidly unraveled. The Czech and Hungarian governments have signed agreements with the Soviet Union stipulating the complete withdrawal of most Soviet troops by the end of 1990 and of all troops by June 1991. The Polish government, in contrast, has stated that it welcomes the continued presence of Soviet troops as long as Poland's current western border is not affirmed by treaty. However, after a united Germany has done so, Soviet troops will be asked to go.

Political forces in Hungary and Czechoslovakia support early withdrawal from the Warsaw Pact, membership in which is seen as inhibiting integration into Europe. Currently, it may mean that COCOM restrictions will continue to apply and that membership in the European Community (EC), a long-term goal, is precluded. Even the short-term goal of attaining some sort of associate membership will be more difficult. Moreover, like the presence of Soviet troops, continued membership in the Warsaw Pact sustains a degree of Soviet leverage that the public will not willingly accept. In particular, it provides an avenue whereby the Soviet military has access to the national militaries. These ties create a faint, implicit threat of a possible coup, especially since the militaries have been so dominated by the Communist parties in the past.

The pace of events is quickening. The new Polish government initially agreed to continued participation in the Warsaw Pact. It also stated that it looks forward to the day when the alliance may be disbanded. This initial Polish guarantee of participation appears to have been necessary for the Solidarity government to take power but is unlikely to be sustained as a longer-term policy.

With the victory of the Christian Democratic-dominated coalition in East Germany, Germany will be rapidly unified, unless unforeseen events intrude. The new capital will very likely be Berlin. A unified Germany hosting large numbers of foreign troops belonging to two opposing military blocs is not a durable arrangement. Even routine problems such as coordinating supplies, overflight rights, maneuvers, and rotations would occasion political complications. The dangers of conflict implicit in this situation are compounded by the existence of tactical nuclear weapons within both armies. Despite Soviet attempts to keep a low profile, they have a massive presence in East Germany and are deeply resented. Even if some Soviet forces stay for a limited period as a price of unification, any emerging all-German government is likely to make their removal an early order of business.

The Soviets have naturally been reluctant to commit to a rapid withdrawal. Soviet leaders are concerned about the implications for Soviet security of a united Germany in NATO. They are also concerned about the domestic repercussions of giving up what represents the major gain from a war in which 20 million lives were lost. However, the leverage over the process of German unification provided by the Soviet military presence in East Germany has eroded. The military value of forces stationed within an armed and united Germany is low and is further reduced by the absence of an assured line of

communication through Poland. If hostilities were ever to break out, the Soviet Union's best divisions would have to depend on a tenuous supply line and be surrounded by an unfriendly population. Moreover the economic crisis in the Soviet Union has also made the cost of supporting large, modern forces in Germany more difficult to bear. Externally, the Soviets will also be sensitive to any impediments that their continued presence might impose on their economic and commercial relations with NATO countries, not least those with Germany itself, and will be mindful of longer-term effects on future German-Soviet relations.

Of course, were a unified Germany to ask the Soviet government to remove its troops, negotiations and not immediate withdrawal would follow. Forced Soviet withdrawal would probably be seen as a political defeat for the Soviet leadership. This said, the Soviets have a weak negotiating position. To deny a request by a sovereign government to withdraw troops would create a dangerous situation with a high potential for violence resulting from popular demonstrations or confrontations. Thus, even though their initial instincts would be to draw out the process, the Soviets will face great pressure to withdraw their forces more quickly than they might wish.

The Soviets now argue that they will go only if Germany withdraws from NATO. That decision will have to be made by a German government. If the Soviets attempt to impose this condition against German wishes, the Germans could still go ahead with unification, leaving the messy problem of Soviet troops for later bilateral negotiations. A more palatable and more likely outcome will be Soviet acquiescence to full German sovereignty, including the right to join alliances, in exchange for an orderly withdrawal of Soviet troops, German assistance in providing them with new quarters, German and NATO guarantees on the disposition of troops on former East German territory, and rapid creation of a CSCE-based security framework.

The Soviet position on neutrality has also been undercut by the East Europeans. At the March 1990 Warsaw Pact foreign ministers' meeting, Poland, Czechoslovakia and Hungary also argued for German unification within NATO, against the Soviet position. These countries support German unification if a unified Germany will drop all claims to Poland's western territories. Their governments believe it would be foolish to antagonize Germany by opposing or attempting to slow unification, especially if it appears inevitable. Germany is a major potential source of investment and aid and the second largest trading partner (after the Soviet Union) for all these countries. Their policies

have been directed to establishing cordial relations with a unified Germany that will be democratic, firmly embedded in the EC, and a generous trade partner.

Even though the East Europeans want Soviet troops out, they are unlikely to abrogate all their security agreements with the Soviet Union. They may well wish to maintain mutual defense treaties with the Soviet Union and to consider assurances they will not join alliances, such as NATO, that could be construed as anti-Soviet. Geography will continue to dictate the necessity of accommodating Soviet security concerns, as Finland has done in somewhat similar circumstances. Poland will also have an incentive to secure the Soviet Union as a counterweight to Germany. However, there is little likelihood that any agreements or treaties resulting from these concerns will permit the continued presence of Soviet troops, nor will they involve the close military-to-military ties of the Warsaw Pact.

A STABLE TRANSITION?

Some of the new governments in Eastern Europe will prove to be short-lived, and it will take some time before politics settles down to a reasonable degree of democratic disorderliness. The transition to market economies too, will be marked by factory closures, changes in relative prices, and more open inflation. These economic changes, in turn, will generate winners and losers, and the losers will object to the redistribution of incomes. However, that does not mean there will be a return to the old system or the replacement of democracy by authoritarian regimes.

The resurgence of Communist leaderships is the most implausible scenario. In Czechoslovakia, Poland, and Hungary the old parties have become inconsequential. Only in Romania and Bulgaria do the old Communist parties still have a handle on power, but they have shown themselves to be so inept in economic as well as political policies that their future is likely to be bleak. After 40 years of failure, Communist parties are unlikely to have much of a political future.

An economic downturn in terms of large declines in real incomes with resulting political instability is also unlikely. Current economic policies have created such enormous inefficiencies that even a modest strengthening of market forces will lead to appreciable rises in output. The moves already made in Poland and Hungary have considerably improved retail and other services, although at substantial costs in lower output. Reported price indices will rise in most countries, but the disappearance of

shortages and more efficient allocation of goods and services will increase many people's living standards. After all, if an item is not available, what difference does it make what the price is? Opening the economies to foreign investment and increasing technology flow have great potential for dramatic increases in output over the next several years. Given the economic dead end that socialism has generated, it is hard to imagine a popular consensus to return to old policies.

Democratic governments may initially be replaced with non-Communist authoritarian governments, especially in Bulgaria and Romania where the opposition is less developed and the governments have yet to restrict the role of the military. However, for the other four countries, voters appear to have accepted the need for change and the accompanying costs. Even the turbulent Poles have been remarkably stoic.

Another argument against a turn toward authoritarianism is the current weak state of the forces of coercion. In all countries, except possibly Bulgaria, the secret police have been totally discredited and armed forces are being rapidly reduced. A nationalistic military could possibly take power, but the officer corps appears to wish to remain apolitical at this time.

Private gangs of toughs, such as existed in Hungary and Romania in the 1930s, would pose another threat to democracy. But history cuts both ways. There is a strong public consensus in these countries that they do not wish to repeat the events of the 1930s. Popular sentiment is firmly in favor of liberal democracy, not such antidemocratic ideologies as fascism.

Possibly the major threat to democracy would be the gradual abrogation of civil liberties and democratic rights by a newly elected government. Such a development cannot be ruled out, but 40 years of Communism have created a strong core of intellectuals who are very concerned with human rights. These groups will quickly oppose attempts by new governments to restrict civil liberties as will the new political parties. Such internal checks should slow moves toward authoritarianism. If East Europeans become full members of the Council of Europe and other democratic organizations in Western Europe, authoritarian-minded regimes will face many roadblocks if they try to retreat from democracy.

In sum, these countries are likely to have a series of unstable, short-lived governments. Politics will be colorful and chaotic and democracy may suffer some

short-term setbacks. Relative price changes, establishment of property rights, and introduction of markets in more and more areas of society will cause a substantial amount of upheaval, but they will also set the foundation for long-term economic growth. A hospitable and encouraging international climate will make East European reversion to authoritarian models very unlikely.

WESTERN POLICY: FACILITATING THE TRANSITION

An important factor in promoting European stability will be the integration of Eastern Europe into the broader European community. The desire to rejoin Europe, politically and economically, was a major spur to the 1989 revolution. If East European attempts to rejoin Europe are rebuffed, the resulting political backlash will be destabilizing as nationalistic movements and inward looking policies gain support, and that will slow precisely the process of democratization and economic liberalization that the West wishes to encourage. The question for Western policy is how to facilitate Eastern Europe's transition from centrally planned dictatorships to multiparty democracies with market economies.

The East European Economic Crisis

If living standards are to rise in Eastern Europe, resources have to be allocated more efficiently. All the East European economies have distorted relative prices. Because of complicated systems of subsidies and taxes, consumers and producers are getting false signals on the relative costs and profitability of what they consume and produce. For example, in 1988 a pound of bananas, when available, cost up to half a month's salary in Poland but a pound of bread cost almost nothing. For markets to work efficiently the East European governments must allow free exit and entry for both private and state-owned firms, provide a more uniform system of tax and subsidies, remove current strictures on who can buy and sell goods and services, and break up current monopolies in distribution and production.

Because the East European economies are small, trade liberalization is imperative. The East Europeans will have to allow local currency to be exchanged for foreign currencies and to permit both citizens and enterprises to freely import and export goods and services. Monetary and exchange rate policies must encourage citizens to hold domestic currency.

Finally, the East European countries face the difficult problem of establishing proper incentives to use capital efficiently. A major failure of previous reforms was continued state control over investment and, consequently, uniformly poor investment decisions. Several schemes have been tried or proposed to decentralize investment decisions (workers' self-management, managerial independence from the state apparatus, investment boards, etc.). The most promising alternative is encouraging the formation of new businesses by private entrepreneurs and the privatization of the state-owned capital stock. For either scheme to work, the countries will need to set up financial markets that work in the Western way.

Western Economic Policies

Although the East Europeans must make and implement the decisions themselves, the West can take several measures to improve the prospects for change. First, they can open up their own markets for East European exports and make improved market access contingent on the East European economies opening up. The primary long-run benefit to Eastern Europe will not be better access to Western markets, but the beneficial effects of Western competition on their own economies. Without import liberalization, the stodgy, state-owned East European producers will lack the inputs and the competitive spur needed to improve their performance.

Trade liberalization implies that the East European currencies become convertible. It also implies substantial restructuring as uncompetitive products are forced out of the market and producers expand output of competitive products. Generally, import liberalization is accompanied by a surge in imports (and subsequently exports) unless accompanied by a devaluation. Because of Poland's lack of creditworthiness and the serious debt problems in Hungary and Bulgaria, extension of stabilization loans to ease the transition to convertibility are appropriate. Romania and Czechoslovakia have no debt problems so they should have less severe financial problems during import liberalization.

Some have argued, including many East Europeans, that the cost of restructuring and improving infrastructure needs to be financed by large flows of foreign capital. Foreign capital flows can make a useful contribution to economic growth, but the bulk of investment in all countries, even very poor ones, is financed through domestic savings. Eastern Europe has been and will be no different. Furthermore, because Eastern Europe already channels a larger share of GNP to investment than do market economies, there is

less need to increase domestic savings rates. The major policy problem for Eastern Europe is to transfer investment decisions from the state to the market and to make individuals, not tax revenues, the major source of savings.

The new European Bank for Reconstruction and Development (EBRD) can be a useful source of funds for infrastructure and restructuring loans to supplement the larger resources of the International Monetary Fund (IMF) and the World Bank, and national foreign aid programs. For creditworthy countries commercial bank credits can also be tapped. However, Western policymakers should not give East European governments the illusion that massive flows of Western credits will solve their restructuring problems. The West must avoid repeating the mistakes of the 1970s when loans were used to postpone rather than facilitate the introduction of market-oriented reforms. It would be a disservice to saddle these countries with additional debts when they have difficulty in servicing their present ones. It is also irresponsible to create expectations of billions of dollars in grant aid when Western parliaments will be unwilling to make such large appropriations.

The active involvement of East European countries with international economic organizations—including the IMF, the World Bank, and GATT—can provide the political backing and technical assistance that the reform process needs. These institutions can also give some of the financial support that is essential to sustaining domestic policy during the transition.

Of all these international institutions, the EC may be the most important. Poland and Hungary have made full membership in the EC official policy goals. The Czechs, Romanians, and Bulgarians are likely to do the same. (The East Germans will have to make special arrangements in the very near future because of their ongoing economic integration with the FRG.) One possibility would be for the EC to negotiate some sort of associate membership status with the East European states, stipulating that full membership may be attained at some unspecified future point.

The West can provide the East European economies with the very important technology, accounting, and management skills available through direct investments. Fostering a climate where such private sector flows will be encouraged should be a priority goal of both Western and East European governments.

IV. WESTERN EUROPE AND TRANSATLANTIC RELATIONS

Although recently overshadowed by the revolutionary events of 1989 in Eastern Europe and the dramatic changes in the Soviet Union under Gorbachev, the commitment by the Council of the European Community in June 1985 to create a completely free internal market by the end of 1992 marked a transformation of Western Europe that is also revolutionary. When completed, the 1992 project ("EC-92") will create a European market of some 320 million people with few barriers remaining to the free flow of goods, investment, or people. Although problem areas remain, it is now difficult to foresee any possibility of outright failure: The West European market is being freed up at an impressive rate. Economic output and growth will be given a boost for perhaps the next decade. Industries are becoming Europeanized to the point where the distinction between, say, a British or a German firm is becoming less and less important. This integrative process is less far along in other sectors, or for labor markets, but the increased economic interdependence of the EC members is already reducing the scope of national autonomy. EC-92 itself represents an important stage in ceding sovereignty to the EC. Even in the event of a major recession, backsliding and reimposing barriers now is very unlikely, although some of the newer members of the EC may still impose temporary financial and protective measures for several more years.

A new development in the Europeanization process is the agreement between the EC and European Free Trade Agreement (EFTA) nations to start serious discussions on how EFTA countries can participate in EC-92. This question of widening participation in a unified European market is equally applicable to the East European countries that are at the early stage of transforming their planned economies. In 1989 a vision opened up of a single integrated European market stretching from the British Isles to the borders of the USSR. This extensive integration may prove to be as politically significant as more intensive integration within the present EC. Moreover, it may become an alternative to adding new members to the EC itself—e.g. Austria, Sweden, Turkey, Hungary. It is too early to know the pitfalls in seeking a single European market with many participants, but the prospect is alluring. No one can measure how far market-based integration will encourage movement toward greater political union, but it will be an influence in that direction.

European economic integration has important consequences for European politics. In particular, it is a powerful anchor for Germany in Europe. Although there is much discussion and legitimate concern over the growing dominance of the German economy and currency, most observers overlook the fact that West German economic "dominance"—measured in export shares for example—also means West German "dependence." With the integrative process of 1992, this interdependence between Germany and its EC partners will deepen. At the same time, the creation of a European Economic Space with EFTA and the emergence of market economies in Eastern Europe will open new outlets for German trade and investment; thus, "widening" as well as deepening the EC should link Germany to its neighbors. The difference in form is important, however. A "wider" EC (accomplished by extending the free trade zone to additional participants) is not by itself a step toward an eventual European federation. Increasing the political, economic, and cultural diversity of the community as a whole could actually hinder political union. By contrast, a "deeper" Europe, going beyond the economic sphere to political and security relations would place much greater limits on national sovereignty. In both cases, there would be practical constraints on Germany's ability to act unilaterally in foreign and defense matters, but the tighter bonds of a more formally integrated or deeper Europe might well prove more reassuring to Germany's neighbors.

The current approach to deepening the EC, through progress toward European monetary union (EMU), is clearly underway; but its outcome is far from certain. Although the Strasbourg summit agreed on the convening of an Intergovernmental Conference by the end of 1990, the future pace and content of EMU remain in doubt. The important enabling step of the United Kingdom's adherence to the Exchange Rate Mechanism remains to be taken. While exchange rate coordination will be further developed, many difficult technical and political problems must be resolved before monetary union is possible. These include, among others, establishment of a politically effective mechanism for the multilateral surveillance of member countries' fiscal policies (especially with respect to the magnitude and financing of national budget deficits), an agreement on how autonomous a European Central Bank would be in relation to national Central Banks, the powers of its "President," and the mechanism by which the President is appointed. Because these are serious issues, expressed German concerns about how such problems are resolved do not necessarily imply German reluctance about European

integration as such. Nevertheless, some could well regard failure to reach agreement on a new treaty establishing an EMU by early 1994 as evidence that Germany is unprepared to accept EMU limitations on its freedom of action. Others worry that German preoccupation with the many details of unification will distract its attention from, and commitment to, deeper ties with its EC partners. Although German political leaders from all major parties continue to express commitment to full economic union, a slowing pace (at least in the short term) reflecting German domestic preoccupation cannot be ruled out.

A common defense policy and eventually a true political union remain further down an even more uncertain road. The reactivation of the West European Union (WEU) is a first step, but a small one. It is very uncertain whether a common defense effort involving German conventional forces and connected to the British and French nuclear forces can be cobbled together. And at the end of the day an even greater uncertainty remains about the more fundamental question of whether the EC-12, or any subset, are prepared to cede national sovereignty in favor of a full political union.

In the meantime, however, EC cooperation at a political level through the European Political Cooperation (EPC) is intensifying. Although an intergovernmental consultative process rather than a supragovernmental institution, EPC has become a powerful force for developing a common EC viewpoint and position on critical foreign policy issues. Nominally precluded by the Rome Treaty from considering security issues per se, the Council and the Commission are nevertheless increasingly blurring the line between issues recognizable under EPC and security policy.

Practice rather than theory is strengthening both the scope and the importance of EPC operations. There is a new EC proclivity to seek and reach consensus on important foreign policy and defense issues rather than wait for consensus in NATO. Indeed, there is considerable potential for the European and transatlantic dimensions to come into conflict, as the European commitment to joint consultation through the EPC leads to the articulation of a more unified European voice in NATO circles.

There is also a growing potential for disagreement between Europe and the United States in the economic dimension of transatlantic relations. The political significance of the on-going process of integrating the European economy has been heightened by the shift of economic power toward Europe and away from the United States. Not only has U.S. freedom of action been weakened by its self-imposed financial and budgetary constraints (witness the severe difficulties of accommodating new aid requirements in

Eastern Europe, Panama, and Nicaragua), but European economic performance is outstripping that of the United States. With the progressive stimulus of increasing European integration, it is likely to continue to do so for the next several years at least. German economic performance, for example, has been particularly impressive. The 4 percent growth rate of the German economy in 1989 may not be sustainable, but continued growth at rates well above those of the 1980s is expected. That growth will provide the revenues needed for aiding the East European (and East German) economies, as well as the private capital needed to increase productive employment opportunities both within and outside Germany for workers in and from the East. Economic prospects in other EC countries are similarly bright, and if they become reality will have comparably beneficial results for the European economy as a whole.

It is not surprising that improved EC economic performance and brightening economic prospects have brought about a change in the tenor of the transatlantic relationship. Concerns in the United States about a potential "Fortress Europe" arising from EC-92 have begun to ease but have not disappeared, and the mutual recriminations with respect to the ongoing GATT negotiations have continued unabated. Continuing U.S. trade deficits remain a destabilizing element unlikely to disappear in the next few years.

New economic strains are also emerging from the changing European security picture. The prospects of substantial U.S. troop cuts in Europe, resulting from CFE and the American budget squeeze, could unleash burden-sharing disputes (never far beneath the surface of transatlantic relations). European defense procurement is a particularly troublesome area. As Europeans attempt to rationalize and integrate weapon research and manufacture through a more integrated European defense market, there is potential for considerable conflict between the United States and Western Europe, especially if U.S. firms find themselves shut out of European defense contracts. Moreover, there may be considerable difficulty in working out a common approach to aid to East Europe—if, as is almost certain given U.S. budget stringencies, the United States must continue to concede the lead role to European donors. Even more difficult will be reaching mutually acceptable arrangements regarding commercial activities in that region. Nonmarket forces will be important for the next several years at least, and U.S. exporters may fare poorly in the developing free-for-all for access to the East European market.

In all of these areas, the sense of a diminishing Soviet threat means that there will be less of a strategic counterweight to the economic and political strains in U.S.-West European relations. In the end, the decisive influence on future transatlantic relations may be success in reaching a common understanding on the appropriate security architecture for Europe and on what the U.S. role in the new security arrangements will be.

V. A NEW SECURITY ARCHITECTURE FOR EUROPE

It is useful to keep in mind what we are trying to achieve when we attempt to describe a new European security framework. Our primary objectives are:

- Self-determination.
- Stability.
- Independence.

Self-determination means the right of all nations in Europe (including the USSR) to democratically choose their form of government. It also includes the right of the GDR to join with the FRG through democratic means. It does not necessarily guarantee the right of all ethnic groups within a nation to independence, although minority rights (as set forth in Helsinki) must be observed. Because the United States and others regard Lithuania, Latvia, and Estonia as independent nations, the principle would apply in those cases.

Stability demands that European borders cannot be changed by force. It involves the renunciation of all territorial claims of each European state on every other.

Independence for all European states requires arrangements to prevent any nation or group from coercing any other nation (economically or politically).

The Cold War order, with the division of Europe into two armed blocs, provided stability. For Western Europe, it also guaranteed self-determination and independence. However, that was not the case in Eastern Europe. The changes in 1989 in Eastern Europe made past security arrangements inadequate.

The Cold War framework was especially inadequate for permitting East European countries to exercise self-determination. In the emerging new era, promoting self-determination in Europe should be a central element of U.S. policy, not only for its own sake but because the best guarantee of stability and independence in Europe is the consolidation of democracy in Eastern Europe and in the Soviet Union itself. Policies that tend to undermine or discourage democracy in Eastern Europe threaten long-run stability. Those that encourage the emergence of democracy in the Soviet Union and mitigate Soviet security concerns enhance the prospects for enduring peace in Europe.

THREE MODELS

With these objectives in mind, we consider three possible models for a European security order for the 1990s:

- Modified status quo.
- NATO wins.
- A new architecture.

Modified Status Quo

In this model both NATO and the Warsaw Pact survive: The USSR provides military security to Eastern Europe and accepts self-determination and independence in the region (the Sinatra doctrine). Continued membership in the Warsaw Pact reduces nationalist conflict between its members. Soviet troops remain in the eastern part of Germany and NATO troops in the western part, as the transition to a unified Germany proceeds. CFE-1 is completed and CFE-2 talks are conducted along the same lines with further reductions (e.g., 50 percent below CFE-1 in weapons and manpower). Short-range Nuclear Force (SNF) negotiations lead to reductions of these weapons, perhaps their elimination, but each side retains at least air-delivered nuclear weapons in Central Europe.

NATO Wins

This model has also been called the "1-1/2 bloc" solution. The Warsaw Pact is dissolved and Soviet troops leave Eastern Europe. Germany is reunified in NATO and NATO's formal defense line is extended to the Oder. NATO gradually becomes the de facto security guarantor of the nominally neutral East European states against any Soviet effort to reexert control through aggression or coercion, with united Germany as a full member. CFE-1 is completed and further reductions in NATO forces are implemented either unilaterally or through negotiations with the Soviet Union. The United States remains in Europe (including Germany), at lower but operationally significant force levels. Because Soviet forces have left Eastern Europe (including the territory that was formerly the GDR), taking their nuclear weapons with them, the United States also withdraws most of its short-range nuclear weapons because of political pressures in Western Europe. However, NATO retains some nuclear weapons in theater.

A New Security Architecture for Europe

Political developments in Eastern Europe lead to the dissolution of the Warsaw Pact and the withdrawal of all Soviet troops from Eastern Europe. After a successful CFE outcome and follow-on negotiations under the umbrella of the CSCE, Soviet forces are reconfigured more defensively within the USSR.

NATO, in turn, disbands the integrated military command structure and the military activities (joint war planning, doctrine formulation, etc.) associated with that structure. Bilateral and multilateral defense treaties are permissible in the new system, but it puts an end to NATO's integrated military command. NATO remains as a "political" organization within the new security framework.

The new security structure also entails a peace agreement between the World War II victors and "Germany." Negotiations initially may involve two German states and the four victorious allies, but the results anticipate the unification of Germany and eliminate the residual arrangements under which the Four Powers exercise their rights in Germany, including sovereignty in Berlin, control over airspace, inspection rights, and communication monitoring.

This agreement would specify German boundaries, including a German renunciation of territories acquired by Poland and the USSR as a result of World War II. It may also stipulate transitional arrangements concerning military forces, such as disbanding of the Volksarmee and limits on where the Bundeswehr may be stationed, especially as concerns the territory of the former GDR. However, to avoid the problem of infringing on German sovereignty by imposing permanent disarmament measures applicable only to Germany, permanent restrictions on German military forces other than those specified by CFE would emerge out of future CSCE negotiations (in which Germany is a participant). For the most part, these restrictions or provisions for inspections and early warning facilities would be applicable to all nations.

Under this model CSCE is institutionalized as a forum to resolve security related disputes under terms of the peace treaty and for negotiating subsequent disarmament and confidence building measures. The CSCE will be strengthened by the creation of a permanent secretariat and modification of the unanimity rule. The United States may retain a small military presence in northern Europe and possibly some naval bases in southern Europe in support of the new collective security arrangement, to facilitate the return of U.S. combat forces, if necessary, and for out-of-area operations.

All short-range nuclear weapons are eliminated, except that some U.S. air-launched nuclear weapons might remain in Great Britain. The United States maintains a nuclear commitment to European security through dedicated sea-based systems.

THE MERITS OF THE MODELS

Modified Status Quo

Soviet foreign policy appears to favor a modified status quo. Gorbachev and Shevardnadze have stated that the two blocs have a stabilizing influence, and they may be prepared to countenance continued NATO troops in West Germany if Soviet troops are retained in the East. They have distanced themselves from past Soviet calls for the immediate dissolution of the alliances. Gorbachev has also indicated willingness to continue deployment of some nuclear weapons in Europe (albeit at lower levels). These policy statements have led some in Western Europe and the United States to suggest that at least for the next several years, the two alliances could be maintained during the transition to some other security arrangement for Europe.

The appeal of this approach falls into the category of the "devil you know." But as noted above, the new governments in Hungary and Czechoslovakia have already signed agreements with the USSR providing for the complete withdrawal of Soviet troops by mid-1991. Romania is already outside the orbit of Pact military activities, and the situation in Bulgaria is uncertain. Although none of the six countries have as yet renounced membership in the Pact, its future as anything more than a hollow organization is dim.

The status quo approach has several undesirable features. First, from a security standpoint, the West is much better off with Soviet forces out of Eastern Europe. Withdrawing Soviet forces would increase Western warning time, complicate Soviet invasion plans (particularly if it were necessary to cross hostile nations before engaging NATO forces), and provide NATO with a whole new range of operational choices for conducting defense. Second, to the extent that a U.S. policy objective is to support liberty in the East, the removal of Soviet forces will help consolidate democratic gains made during this last year. As long as Soviet troops remain in Eastern Europe there is an implicit potential that, if Soviet policy changes, the new East European regimes may be overthrown. The West would be hard pressed to defend a policy that seemed to legitimate the continued presence of Soviet troops in East Europe. Third, any

arrangement that seeks to continue the presence of Soviet troops in Germany after reunification will be unsustainable.

Soviet withdrawal will create a power vacuum of sorts in Eastern Europe that some fear could lead to conflict among the nations of Eastern Europe. In addition, the Soviet Union's loss of its defensive "glacis" could also exacerbate instability if it senses itself more vulnerable either to the NATO countries or to new security problems that might develop along its borders with the new East European democracies.

NATO Wins

At first glance, this model appears attractive. Democracy is consolidated in the former Warsaw Pact nations under a de facto extended NATO security umbrella. Additional "assurances" are provided to the Soviet Union concerning Germany's military forces, the preservation of existing borders, and the neutrality of the former Warsaw Pact states (including prohibiting the stationing of Western forces in Eastern Europe in peacetime).

The fundamental difficulty with this formulation is that it excludes the Soviet Union from a role as a co-guarantor of European stability. It is also flawed because the stability and credibility of the system relies on only NATO to guarantee the security of Eastern Europe against threats from both East and West. The Soviet Union will almost inevitably see its security diminished, for not only has it lost its defensive glacis but the West has now extended its own security sphere right up to the western Soviet border. The Soviet Union remains the "adversary," now arrayed against the entire rest of Europe. This arrangement is hardly likely to lead the Soviets to accept further reductions in their military forces.

This model may also derail evolution of the Soviet Union toward becoming a more constructive participant in world affairs. A democratic, market-oriented Soviet Union with a strong interest in the existing international order could prove a major force for stability in Europe and in much of the rest of the world. A Western policy of exclusion may nip such tendencies in the bud.

Perhaps the principal advantage of this model is in the way that it addresses the security problem implied by a united Germany. By maintaining a newly unified Germany within NATO's military fold, the territorial guarantees to Germany's neighbors (particularly Poland and Czechoslovakia) are backed up by the practical limitations that follow from the Bundeswehr's continued integration into the NATO command. Put

simply, it is difficult to imagine how German forces within the NATO command could act independently to threaten Germany's neighbors.

However, the price of such a policy would be high: heightened Soviet hostility toward its large and well-armed adversary. Furthermore, one must wonder how enthusiastic German political leaders would be to pursue a course that appeared to threaten the Soviet Union and to provide an ongoing obstacle to improved USSR-German political and economic relations.

Some argue that preserving NATO's military structure provides the best hedge against a reversal of Soviet external policy—that the West should begin to move away from NATO as a military organization only when the Soviet bear is fully tamed. But a security order in Europe that excludes the Soviet Union will be inherently unstable. Stability is better served by integrating the Soviets into a system that will constrain military resurgence.

It is fair to question how sustainable NATO would be in its present form. What, besides inertia, would justify an integrated command, common defense doctrine, operational military planning, and other elaborate, detailed common defense efforts once the Soviet Union has withdrawn from Eastern Europe and the threat from the USSR is reduced to little more than Europe's biggest mobilization base? Clearly, NATO's transformation must be keyed to actual changes in the configuration of Soviet forces, but as these developments are already in train, changes in NATO operations should move quickly to the top of the agenda.

Once Soviet military forces have been removed from Eastern Europe and Germany has been united, the very nature of the Soviet military threat will be altered. Any military aggression against the West would necessarily be preceded by a reoccupation of some parts of Eastern Europe by force or duress. West European security would become entwined with keeping the Soviets from reoccupying Eastern Europe (especially Poland and Czechoslovakia), putting new pressure on NATO to extend some form of security guarantee to those nations in the event they are threatened by hostile Soviet action. Yet present NATO doctrine is ill-suited to these new circumstances—forward defense at the Elbe would be meaningless and defense further east unlikely to be successful without extensive advance preparation of military facilities in the eastern part of Germany, thereby increasing the apparent threat to the Soviet Union. A similar dilemma will apply to the nuclear component of NATO doctrine.

Extended deterrence would be least credible for deterring the Soviets from crossing the Polish, Czech, Hungarian, or Romanian borders, the region at greatest risk. Yet failure to extend deterrence to the East (in the absence of alternative security guarantees) would not only jeopardize those emerging East European democracies but would also enhance the risk to NATO nations themselves. Even flexible response would come under pressure because defense planners would be forced to prepare against a variety of not very well-defined scenarios, rather than today's agreed benchmark, a frontal assault against the Central Front.

A NATO security guarantee to the former Warsaw Pact nations would be difficult in practice and potentially highly destabilizing. But a security architecture that leaves Eastern Europe totally vulnerable is incomplete and contains the seeds of its own collapse. The challenge is to find an alternative means of adapting security arrangements to the emerging political landscape of Europe in a way that will provide a meaningful guarantee to the new democracies of Eastern Europe against potential threats from both East and West while respecting the legitimate security concerns of the Soviet Union and permitting the unification of Germany.

A New Security Architecture for Europe

In many ways, the model for our Europe of the twenty-first century is the economic and political order created in Western Europe in the second half of the twentieth century. Recent history suggests that stability in Europe is most likely if economic prosperity and political democratization can be brought to the parts of Europe that have been excluded from them at least since World War II. An important contribution to this end would be a security framework that will discourage the Soviets from trying to reimpose autocratic regimes in the name of national security and that would encourage the Soviet Union to pursue its own political and economic reform. Ultimately the success of this approach depends on a consensus by all European nations, including the USSR, to abjure force in resolving political disputes and to reduce and restructure their military forces so as to eliminate the ability to invade and hold territory. A collective security framework can help foster this consensus first by giving all nations a stake in maintaining order, and second by establishing norms, enforceable by sanctions, to deter attempts to upset the agreed-upon order by force. A collective security framework is not the final capstone to be erected after consensus has been achieved but rather an essential element in helping to forge that consensus. To this end, the West

should be prepared to dismantle the NATO unified military command in conjunction with the gradual erection of a broader collective framework of mutual security guarantees.

For the future, a security architecture based on a collective, pan-European framework has several advantages over a NATO-dominated *pax Europa*. First, with the shift of potential military confrontation to the East, NATO's force structure and infrastructure are poorly suited to meet the most likely contingencies. If Soviet disarmament and withdrawal from Eastern Europe proceed apace, the major contingency for which the integrated command is designed will become implausible and will no longer justify the enormous cost of the existing standing forces. As the democracies of Eastern Europe develop, the need for a security framework that responds to their needs will become the most important task for European stability. However, such a framework can be successful only if it does not threaten to the Soviet Union itself.

A successful architecture must lead all nations away from their current reliance on heavy, mobile standing forces toward greater dependence on reserves and territorial defense. This would provide greater stability and produce considerable cost savings that will aid the struggling economies of the East and the budget-squeezed economies of the West.

The Elements of a Mutual Security Framework. What should take the place of the blocs? To begin with, there must be a mutual security guarantee, building on the principles of the Helsinki Accord, committing all nations of Europe to renounce territorial claims toward each other and the use of force to change borders. Such a commitment would not (and should not) amount to a legitimation of the Soviet Empire, nor would it prevent other nations from calling attention to the freedoms and human rights guaranteed to all peoples by the Helsinki Accord. To craft such a guarantee will prove a delicate task, given deep Soviet concerns over centrifugal forces of nationalism already unleashed in the country. The problem, of course, is not limited to nationalism within the Soviet Union. Other separatist or irredentist movements may also seek to assert themselves in this framework.

It is necessary to find a mechanism that will facilitate the restructuring of military forces throughout the region and reduce them further. Rather than specify reductions to force levels below those identified and agreed on in CFE on a bloc-to-bloc basis, the follow-on security mechanism will negotiate measures that will apply to nations individually. The emphasis will be on allowing each nation forces adequate for

territorial defense and out-of-area contingencies while minimizing the threat of offensive operations in Europe. Although the list and details of specific measures would be subject to negotiation and cannot be fully elaborated here, they would continue the CFE emphasis on limiting the forces that seize and occupy territory. For example, each country would be required to limit the manning levels and the readiness of its heavy armored forces. Additional provisions might require a change in the proportion of active to reserve forces with greater emphasis on reserves. Each country might also be required to change the mix of light and heavy forces in favor of light forces. Although the number of CFE treaty-limited items, such as tanks, might remain at the level specified in CFE, the national units that could mount an attack on a neighbor or seize and hold terrain would be reduced in active manning and readiness. They would be a smaller proportion than before of each CSCE participant's national armed forces. Each country's warning of attack time would be much extended against all external threats, including but not confined to a Soviet invasion.

Negotiations could impose limits on the deployment of tactical nuclear delivery systems and warheads with the agreement of countries of deployment. Confidence-building measures could involve cooperative exposure of deployed heavy forces, a prohibition on storing CFE-controlled items except at designated points, mutual inspections, announcement of maneuvers of all heavy forces, reserve call-ups and mobilization exercises, information exchanges, etc. The monitoring system implemented as part of CFE would provide assurance of compliance with these multilateral provisions.

Limits on national forces such as those outlined above are likely to work better as a European security regime than would a further lowering of the CFE ceilings for treaty-limited equipment items and personnel. The CFE approach to conventional arms control is built around a single contingency (conflict between NATO and the Warsaw Pact or at least between NATO and the USSR). But bloc-to-bloc limits in the emerging Europe would be at best irrelevant to the more multipolar Europe and at worst counterproductive if, as in CFE, they were based on parity. Parity would size Soviet forces against those of all NATO countries, rather than against the USSR's internal and territorial defense requirements. Although parity is a great improvement in Western security, it does little for the national requirements of East European states against a Soviet invasion. It also does nothing for non-Soviet contingencies. Our suggested approach would help the West avoid the trap of "equivalence," by which the USSR might seek to link withdrawal from

Eastern Europe to a parallel withdrawal of U.S. forces from Western Europe, or alternatively to legitimate a continued Soviet presence in Eastern Europe as a quid pro quo for U.S. forces remaining in Western Europe.

There is, of course, a third alternative to a CFE-2 or a CSCE-oriented limitation: no further negotiated limits beyond those established in CFE-1. Instead, all parties could reduce forces on the basis of unilateral but parallel reductions. There are at least two drawbacks to this approach. First, individual nations in the West may tend to "rush for the exits" as the Soviet threat is reduced, without regard to the overall effect of specific reductions. Second, the lack of formal constraints on building back up may favor more ambitious authoritarian governments (which might be less constrained in their ability to re-arm), precisely those kinds of governments that would pose the greatest potential threat to future European stability.

The Role of the CSCE. The CSCE is the obvious forum for these negotiations. It includes the neutral nations. The United States and Canada are members even though they are not on the European continent. The CSCE is based on individual nations, not on the two blocs. Transition to multipolarity is possible because of changed threat perceptions; fewer of the future military contingencies are related to the familiar East-West antagonisms.

The CSCE has the potential to take on an even more substantial role whose function could extend to mediating and perhaps even adjudicating disputes among member nations, administering sanctions for violations of mutual undertakings, and organizing military response to the unauthorized use of force. Such a collective security arrangement would also provide a context for German unification because the constraints imposed by the fortified CSCE regime would give Germany's neighbors a security guarantee that reinforces peace treaty commitments to existing borders.

For such tasks, CSCE institutional reform will be required. Current unanimity requirements and equivalence among all the member states are unlikely to make for effective performance in serious crises. More appropriate arrangements will reflect the special roles, responsibilities, and interests of the superpowers, other nuclear weapon states, and states with large military forces.

A collective security system organized around a strengthened CSCE is not an ironclad guarantee against conflict. Should any state, especially a militarily powerful state, determine to violate the norms of the system, there is no assurance that the other

members would take military or other actions to impose sanctions, nor that such sanctions would be effective. The NATO system has no guarantees either. The difficulties experienced by the United Nations are a sober reminder of the limitations of this approach. But a collective security system should help reduce the risk of aggression by formally articulating accepted rules of conduct and by providing an organizing system whose legitimacy is widely accepted for response. Moreover, the arms limitations measures associated with this system should further deter aggression by reducing the likelihood that any nation could successfully wage an offensive, and increasing the transparency of war preparations. The likelihood that the other members of the system would respond in a timely and effective way would thus be increased as well. The issue is not whether a system such as the one outlined here provides absolute assurances against future conflict, but rather whether such a structure is more likely to produce stability than the alternatives.

This arrangement need not lead to abrogating existing mutual security commitments, which will remain especially important while the collective security system begins to take root. Maintaining the NATO (Washington) Treaty is consistent with membership in such a broader collective security framework. Bilateral mutual defense treaties would also be allowable. Such arrangements, however, could prove a hindrance over time to one of the principal purposes of such a collective security arrangement, preventing small conflicts from escalating into a third pan-European war. Interlocking alliances of this type could foster just such a chain reaction. But it is not necessary to resolve such questions now: room must be left for skillful diplomacy and timely adjustment to unfolding events.

The CSCE's "economic basket" could also be expanded to address issues relating to the economic integration of the new Europe. This could be particularly useful in enhancing economic relations between the USSR and other members. If the EC grows into a third "pillar" between the United States and the USSR (the Soviets are unlikely to become members of the EC) close economic relations that improved the Soviet standard of living and promoted economic reform would be desirable. The economic basket is an appropriate forum to deal not only with the issue of trade barriers but also with development assistance for the poorer members of the CSCE.

The EC will have an important economic and political role to play in stabilizing the new Europe, as a supplement to the CSCE. Both broadening and deepening the EC is a key component of a new European architecture that meets the criteria of self-

determination, stability, and independence. The EC is critical to improving the economic prospects for the new democracies in the East and ultimately even in the USSR. In the short run, free East European access to the EC market may be adequate to meet Eastern Europe's most pressing needs. In the longer term, an EC that included all European states could form a third pillar within the CSCE's broader framework, with the United States and USSR acting both as guarantors of security for the European members and counterweights to each other in maintaining European independence. But if the EC wants to play a political role in Europe, current efforts to deepen economic and political integration of the Twelve (which would contribute to a more stable Europe by integrating Germany into a broader political framework) must not preclude broadening of the community. A strong Western Europe that excluded its Central and East European neighbors could itself become a source of instability and tension.

U.S. Military Forces and NATO in a Collective Security System. Given the presence of the Soviet Union on the European landmass, the United States has a continuing security role to play in Europe, the terms of which must be developed not only with our current NATO allies but also with the emerging democracies of Eastern Europe in mind. As the U.S. military presence in Europe is reduced, it will be particularly important to forge a consensus on the nature of the U.S. role in the new security architecture. The United States is in a special position: a superpower, an integral part of the CSCE, yet physically outside the European landmass. Because the security arrangements in the post-CFE negotiations are likely to include limits on national forces, special rules may have to be developed for the United States, about numbers of weapons and types of military capabilities the United States will be permitted in Europe, and what limitations there might be, if any, on the U.S. ability to reintroduce forces into Europe in a future crisis. There is, of course, a related question concerning the role and limits, if any, on Soviet forces outside the Atlantic-to-the-Urals area.

Because the USSR is a continental superpower, and to cement U.S. links to the new security order, the U.S. presence ought to be sized to fit two missions: facilitating the return of larger U.S. forces in the event they should be needed to meet some future contingency, and participating in the new multilateral security organization for Europe. Whether this need includes combat units beyond, say, several brigades or tactical fighter squadrons is open to question. Arrangements for the United States to reintroduce forces can probably be left to the heavy equipment storage provision of CFE and to bilateral

understandings between the United States and allies about base access, infrastructure, and other arrangements, with analogous rights available to the Soviet Union if it can find willing partners (within any overall limits in CFE and any post-CFE agreements).

A third mission that might affect the size of U.S. forces in Europe concerns out-of-area contingencies. Whether this would lead to a more sizable United States presence in Europe would depend on whether host nations would allow the United States to use its European based forces for out-of-area conflicts not related specifically to European interests. If recent trends are any guide, Europeans are likely to become even less willing than before to permit the use of bases and facilities for non-European purposes.

The future of the U.S. military role is closely entwined with how NATO itself evolves through the transition period. As long as the United States retains a substantial military presence in Western Europe and the Soviet Union is credited with posing a threat, primary Western security cooperation will continue to take place in NATO. A continued U.S. presence is not at this time a political issue in Europe. Yet local tolerance for intrusive military activities has declined; and as Soviet forces are withdrawn from Eastern Europe, public tolerance for the continued presence of large U.S. forces in Western Europe will probably diminish as well.

Rapid changes in Eastern Europe and the prospect of the departure of Soviet forces suggest that NATO evolve into an organization for:

- Transitional force planning to coordinate the phase-down of U.S. ground forces and the European national force reductions that will come about as defense budgets are cut, in addition to CFE driven reductions.
- The development of new concepts of military cooperation, crisis management, and contingency operational planning for the emerging security environment.
- Management and coordination of the CFE related inspection and verification systems.
- Nuclear policy, strategy, and doctrine discussions, as part of a continuing U.S. nuclear guarantee.

As time goes on, NATO's military dimension would recede as it becomes more of a Western caucus within the broader CSCE framework, although it will still be bound by

the political relations established by the Washington Treaty and the residual U.S. nuclear guarantee.

THE ROLE OF NUCLEAR WEAPONS

Nuclear weapons play several roles in the current security framework, including direct deterrence of the adversary's use of nuclear weapons and the threat of deliberate escalation to deter conventional attack. Total abolition of nuclear weapons is unlikely even as part of a collective security system. Existing nuclear weapon states will therefore wish to maintain some nuclear weapons both for direct deterrence and as the ultimate guarantor of their territorial integrity against a conventional offensive. The risk of a successful conventional invasion, however, will be sharply reduced in a collective security system that provides strict arms control limits on nations' ability to seize and hold territory.

Over time, the security guarantees provided by a collective framework should lead to the elimination of nuclear weapons stationed outside the home territory of the nuclear weapon states (coupled with the nonnuclear states reaffirming their nonproliferation commitments). Stationed nuclear weapons will become irrelevant with the introduction of stable, defensive force postures; and the end of the bloc-to-bloc confrontation will undermine the political acceptability of short-range nuclear weapons in nonnuclear states.

But even if stationed nuclear weapons are eliminated, extended deterrence will still play a role in a collective security framework. First, some form of extended deterrence will be required to deter the use of nuclear weapons against a nonnuclear state. Second, some force imbalances will inevitably remain that could tempt a more powerful state to use conventional force against a weaker neighbor. Under a collective security framework a kind of "attenuated extended deterrence" would be likely to develop. For example, it is hard to imagine that any of the Western nuclear powers would use nuclear weapons to defend Poland against Soviet military action. At the same time, if the nature of the Soviet action appeared to threaten a broader assault against the West, Western nuclear powers might not wish specifically to forswear the use of nuclear weapons to defend nonnuclear weapon states. Even without formal guarantees, such intentional ambiguity could raise uncertainties in an attacker's mind, uncertainties that could provide some assurance to states that have served as invasion routes in the past.

Such linkages could apply not only to the use of U.S. nuclear weapons but also to the British and French nuclear systems, which could grow in relative importance in the wake of future strategic arms control agreements. At the same time, the Soviet Union might well provide a similar kind of attenuated extended deterrence to East European nations with respect to their historical concerns over German territorial ambitions. This sort of implicit nuclear deterrence could help with the principal difficulties of the kind of collective security arrangement suggested here—how to assure security to small nations against their larger neighbors.

GERMAN UNIFICATION

To this point we have discussed the question of German unification in the context of the overall architecture. Our assumption has been that some kind of unification would take place, but we have not yet addressed the how and when; such questions relate not only to the ultimate architecture of Europe, but to crucial questions of timing and transition.

Our interest in the "German Question" is urgent. The people of the GDR will, in the near future, freely opt for political unification with the FRG. This conclusion is buttressed by the adoption of the 2+4 framework for German unification in February, the striking success of the Alliance in the GDR elections, and the impending economic and monetary union. The Alliance parties campaigned on a platform calling for rapid unification with the GDR adhering to the FRG Constitution, rather than adopting a new constitution for unified Germany, as advocated by the East German Social Democrats. A central security-related question that must now be faced in the 2+4 talks is what limits, if any, can or should be placed on the process of German unification to permit the construction of a stable new architecture for Europe.

Issues

The first issue concerns the borders of Germany. The lack of a formal peace treaty between Germany and its adversaries at the end of World War II has left the status of the borders in Central Europe (especially the Polish-German border) in a legal limbo. At the end of the war, some 25 percent of German territory was placed under Polish administration and northern East Prussia was incorporated into the USSR. Many of those areas' German residents were resettled into what was to become the FRG and GDR,

although other Germans were assimilated (with varying degrees of success) into their new countries. Chancellor Kohl's perceived ambiguity on the question of German territorial claims created serious tensions not only with Poland and some of Germany's NATO allies, but within the FRG's ruling coalition as well. Although Kohl's recent statements have been clearer, the Polish government continues to press for the two German states to adopt procedures that would guarantee the formal recognition of the borders concurrent with the legal unification of the two Germanies. Whether the issue of German borders will play a role in the December 1990 FRG elections remains to be seen, but until it is put to rest definitively, it will remain a potential source of discord and a factor in delay.

A second obstacle to unification concerns the residual rights for all of Germany retained by the World War II victors. These rights (administration of Berlin, air defense, military liaison mission inspections, etc.) not only limit German sovereignty, but, because of the Cold War conflict between the USSR and NATO, have institutionalized the division of Germany. As a result, efforts to unify the two Germanies without the consent of the Four Powers could seriously strain East-West relations (or West-West relations) and would create a source of long-run instability in Central Europe. The 2+4 framework was designed to help resolve this problem, but if the Four Powers are unable to agree on key issues (for example, Germany's future in NATO or the continued presence of Soviet troops in East Germany) the two German governments (or the German people for that matter) are unlikely to wait indefinitely. If nothing else, the prospect of renewed high levels of migration from East to West Germany would force the German government's hand. Conversely, efforts by any of the four to impose conditions on German unification (e.g. permanent restrictions on Germany's ability to defend the eastern part of a unified Germany) could prove a source of long-term friction.

A related series of issues concerns the relationship between a unified Germany and the two alliances. As unification proceeds, the newly emerging Germany will find it impossible to belong to both NATO and the Warsaw Pact (assuming there is a Warsaw Pact). The Bush administration has indicated that its support for German unification is conditioned on Germany's "continued commitment to NATO." The USSR continues to insist that a unified Germany must be nonaligned or belong to both alliances, although it is difficult to know how firmly this view is held. Germany's neighbors, both East and West, have favored Germany's remaining in NATO, out of concern that a Germany

freed from formal alliance commitments and relationships might again pose a threat to their security.

Whether or not Germany remains in NATO, the question of the continued presence of Soviet troops in a unified Germany remains. Although it seems improbable that Germany would accept a sizable permanent Soviet military presence, there is some evidence of a willingness to accept a temporary presence if it is the price for a unified Germany remaining in NATO. What limits would be imposed on the activities of those Soviet forces, who would pay their stationing costs, and the relationship between limits on numbers and types of Soviet and Western forces are all issues that must be resolved by relating the unification process to the broader security framework for Europe.

Elements of a Peace Agreement

Failure to move rapidly to address these concerns could create serious strains, including:

- German resentment that the World War II victors are obstructing legitimate German wishes on unification.
- Tensions between Germany and the USSR as a result of Soviet concerns that German unification will prejudice the USSR's legitimate security interests.
- Tensions between Germany and its NATO allies over Germany's continued commitment to Western Europe (EC, WEU) and to NATO itself.

Our discussion suggests the following requirements for a successful (and stable) integration of a united Germany into a broader security framework, beginning with rapid progress toward completing a peace treaty.

Borders. Arrangements must go beyond "reiterating support for the principles of the Helsinki Final Act" (in President Bush's words) to include an unequivocal renunciation of any territorial ambitions beyond the current borders of the two Germanies. This pledge should be accompanied by mutual Four Power guarantees to all of Germany's neighbors.

The border issues left unresolved since World War II are not limited to German claims. Aside from wanting confirmation of its annexation of northern East Prussian territory, the USSR is likely to seek assurances about territorial problems related to its annexation of eastern Poland, Carpatho-Ruthenia, Moldavia, and parts of Finland. This

suggests the need for some general formula under which all European states agree to recognize existing international borders, renounce claims to all territory not under national control at the time of the treaty, and protect the rights of minorities within national territory. This formula would be without prejudice to internal independence movements but would remove the legal basis for a neighboring state to act in its own territorial interest in support of such a movement. Such an agreement would be included in a CSCE-negotiated framework.

Four Powers' Rights. The victors should restore full German sovereignty by eliminating all residual victors' rights in Germany in favor of a pan-European system of military constraints and obligations developed under the aegis of the CSCE. However, transitional limits may be appropriate as unification unfolds. For example, the agreement could provide that the Volksarmee in the GDR be disbanded and for a period of years following the signing of the treaty, no Bundeswehr troops be stationed on the territory of the former GDR. This would encourage the early withdrawal of Soviet forces from the GDR. Indeed, one important consequence of ending the Four Powers' rights is eliminating the principal legal justification for the Soviet presence in Eastern Europe. At the same time, the Soviets would have a security assurance as new CSCE-sponsored limits are phased in for all national forces.

Such limits must be viewed as transitional, because they will restrict the ability of a united Germany to defend one-third of its territory, including Berlin, the likely capital. Such an arrangement is unlikely to survive for long without causing resentment that could affect German relations with its neighbors and allies. Removal of the transitional limits should be tied to implementation of Europe-wide limits on national offensive forces, and a more effective collective security system, which limits German forces in the same way as the other European states.

There could be other transitional arrangements specifying an order of steps, beginning with economic and currency integration, merging of the two legal systems, etc., and culminating in the election of a single parliament and executive. Whether these should be formalized in a treaty or left to the two German states to work out on their own is an open question.

Alliance Membership. As a fully sovereign country, the new Germany ought to be free to enter into appropriate mutual security relationships. The West should resist any Soviet efforts to impose neutrality on the newly united German state. Germany would be free to remain in NATO, should it so choose. Although the Soviets might

argue that this is prejudicial to their security interests, the Western commitment to national arms limitations through the CSCE, as well as to move away from the current formal military arrangements within NATO, should be adequate security guarantees. NATO, in its new nonintegrated form, should seem less threatening.

TRANSITION: THE PATH TO A NEW SECURITY FRAMEWORK

Transition from current security arrangements in Europe to a new security architecture requires addressing complex problems under conditions of uncertainty and unpredictability, especially in Eastern Europe and the Soviet Union. However, the changes that are now eroding East-West security arrangements cannot be retarded just to permit gradual adaptation of such arrangements according to some prearranged timetable. The people of Germany and Eastern Europe have now become the driving force for change. While political leaders may try to channel and direct this force, they cannot ignore it. Time is critical. Pressure within Germany for faster unification is growing; popular tolerance for the continued presence of Soviet troops is diminishing throughout the region. Moreover, political uncertainties in the Soviet Union itself argue for making as much progress as possible while a Soviet regime is in power that is willing and able to do so.

The first step in constructing a new security architecture is to complete CFE. Although political events and budget realities have forced CFE results before conclusion of a formal agreement, a CFE agreement will provide a way to guarantee parity at lower levels between the USSR and the West, and for inspections and other confidence-building measures that will be useful in constructing the new Europe. No party should regard CFE limits as a floor under force reductions. The United States has stated that its proposal for 195,000 U.S. troops in the Central Region (and 30,000 outside the region) is intended as a floor, yet budget and political realities indicate otherwise. Instead, the United States should adapt the size and composition of its forces to the evolving political and military situation in Europe, while insisting on the right to maintain some level of forces (assuming there are host countries that will voluntarily accept them) as its contribution to collective security.

President Bush's timetable calls for signing a CFE agreement in the fall of 1990. A negotiated outcome should be possible by then. One way to speed negotiations would be to agree to verification standards adequate to promptly identify militarily significant

force changes, rather than focus on worries about marginal "cheating." Although tough bargaining remains on other outstanding issues, such as defining included categories of equipment and setting levels for aircraft, differences have narrowed to the point where resolution of disputed issues is not likely to substantially affect either side's security.

The 2+4 talks on German unification are the second part of the ongoing transition process. As agreed in Ottawa in February, the two German governments are responsible for resolving internal issues related to unification, while the four occupying powers (United States, United Kingdom, France, and the USSR) together with the two Germanies will address the external implications. The 2+4 talks are likely to produce an agreement ending the legal rights of occupation retained by the Four Powers in return for understandings relating to Germany's own security, and the security of Germany's neighbors. Although many outcomes are possible, three principles should guide the result: (1) Full German sovereignty should be established, including the right to determine which, if any, foreign troops should be stationed on German soil; (2) constraints on German military forces and stationed forces should reflect multilateral arrangements that apply to all nations with forces in Europe; and (3) where limitations specific to Germany are appropriate, they should be temporary to avoid "singularizing" Germany and facilitate transition to a collective security system.

The 2+4 talks are a partial but incomplete substitute for a formal peace treaty involving all former belligerents. The recent decision to allow Poland to participate in the discussions insofar as they directly affect Poland's interests is a step linking the 2+4 talks to the entire European security landscape, but further steps would be desirable. A summit of all 35 CSCE nations might be convened this fall, an idea that now appears agreed upon in principle by all parties. The timing of this summit will be crucial to linking the two related but independent ongoing European security negotiations—CFE and 2+4—while providing an impetus to further development of a pan-European security framework. Specifically, the summit would:

- Refurbish the links among between the 23 nations involved in CFE and the 35 CSCE countries as provided for in the CFE mandate.
- Serve as a transition from the bloc-to-bloc force cuts of CFE to the multilateral drawdowns and restructuring to be negotiated in arms talks.

- Embed the results of the 2+4 talks in a broader European framework giving all European states an opportunity to discuss and accept the security arrangements for a unified Germany.
- Begin transforming limits on military forces developed in the 2+4 talks into national limits applicable to all nations with forces in Europe.
- Build structures allowing the CSCE to play an expanded role in European security.

The agreements reached in the 2+4 talks must be linked (both in process and substance) to the broader issue of pan-European security. The principles affecting German security embodied in the 2+4 agreement should be applicable to European states not directly involved in the negotiation, to which they could voluntarily adhere as part of the broader mutual security framework. Thus, it is desirable to construct an approach by which the CSCE membership would embrace the results of the 2+4 negotiations and apply the security principles on a Europe-wide basis. The linkage would also permit limits to be placed on German military forces in a way that would apply more broadly throughout Europe and not single out Germany for special, arguably punitive treatment.

Another important near-term item on the European security agenda is short-range nuclear weapons. Since June 1989 NATO has been committed to negotiate SNF reductions following CFE. NATO should now affirm its willingness to open SNF negotiations promptly after the signing of a CFE agreement. To date, NATO's SNF position has been to reduce both sides to parity (but not zero), while NATO has deferred the issue of modernizing existing systems. Yet the continued deployment of any short-range system is now in doubt with the emergence of independent-minded governments in Eastern Europe, German unification, and the prospect of substantial withdrawal of Soviet forces from Eastern Europe. As the architecture of Europe changes, the West should take the lead in proposing the elimination of all short-range, land-based nuclear systems (artillery and missiles). NATO's willingness to take such a step could hasten the complete withdrawal of all Soviet forces. Although the West would be justified in retaining some air-delivered theater nuclear weapons during a transition period, the West should make clear that it envisions a time (contingent not only on Soviet military reductions and restructuring, but more important, on the continued progress of political reform in the USSR) when all "stationed" nuclear weapons in Europe could be entirely

eliminated. This, of course, excludes the nationally based systems of the USSR, France and the United Kingdom. Presumably, these systems could be subject to limitation in a follow-on to START (or to START II), after substantial bilateral U.S. and Soviet reductions in strategic systems. In effect, there would no longer be nuclear weapons deployed on the territories of nonnuclear states.

The SNF negotiations initially would be conducted bilaterally between the United States and the Soviet Union. To the extent that the agreement limits deployments to the territory of nuclear states, the CSCE again could play a role by enshrining the principle of no foreign stationing as a policy of all European states. Although NATO would not formally be a party to these negotiations, it could provide a valuable forum for consultations between the United States and its European allies (as it did in the case of the INF negotiations) and later a means for coordinating the position of the "Western caucus" in CSCE deliberations.

Finally, the United States, together with its allies, should promptly begin to flesh out what it means by Secretary Baker's call for the evolution of NATO from a military to a political alliance. It may be undesirable to be too specific about the new security architecture before consultation with all parties concerned. But a consensus on the need to articulate new security arrangements along the lines sketched here would help generate political momentum toward that goal and encourage the Soviets to continue to move in the directions the West seeks. In so doing, the United States can articulate what it sees as its long-term interests in Europe, what role the United States will seek to play, and how. For example, by forging formal ties with the EC ("by treaty or otherwise"), the United States can establish a relationship with it as an evolving political entity, as well as safeguarding U.S. economic interests in Europe.

VI. A FINAL NOTE

The most likely objection to the approach that we have sketched out is that existing Western security structures must be preserved until we have greater assurance that the policies and intentions of the Soviet Union have changed and that the danger of reversion to old-style Cold War confrontation has passed. After all, the USSR is still far from a Western democracy, and although many trends seem to be pushing it toward some form of democratic government, Gorbachev still appears to be seeking to save Soviet Communism, not eliminate it. Events in Lithuania are certainly reason for caution. The reforms Gorbachev has launched, if successful, may lead only to a more efficient and modernized Soviet Union. Moreover, the structural geostrategic asymmetry between the United States and the USSR will remain even when no Soviet troops are stationed in Europe. Moving too quickly to a new security framework, particularly one that considerably reduces NATO's military capability, may provide an inadequate hedge against the danger of a Soviet reversal in policy, particularly if the new architecture gives the USSR breathing space to rebuild its economy and so present an even more formidable challenge in the future.

We agree that a prudent hedge is necessary, but we believe that the new security arrangements in our proposed architecture are better suited to deal with reversion than current arrangements. First, force reductions, redispersions, and transparency arrangements negotiated in CFE and follow-on national force reductions managed by the CSCE process would increase warning well beyond present levels. In combination, they permit both U.S. reinforcements and the faster mobilization of European national forces. Furthermore, in that framework, arms arrangements would emphasize light forces over the heavy armored formations that seize territory. Soviet forces, like other national European forces, would be reconfigured for territorial defense and internal requirements and be held below the parity levels established in CFE. This seems preferable to maintaining an East-West framework that sizes Soviet forces as a matter of right against some combined total of the national forces of Western Allies. Reduced, lighter, and less ready Soviet forces are unlikely to be useful for a strategic gain that would involve seizing and holding substantial foreign territory for an extended period.

Domestic politics in the West will militate against maintaining large or heavy armed forces in the face of ongoing Soviet military retrenchment and the fading of the Soviet military threat. Moreover, pursuing policies that appear to perpetuate the Cold War are likely to have the perverse effect of unnecessarily prolonging the military confrontation we seek to transcend. The evolution of the Soviet Union into a democratic, prosperous, and peaceful state is far from certain, but it is no longer unthinkable. Indeed, one test of appropriate Western security policies is whether they are consistent with such an evolution. The Soviet Union is not so much at a crossroads as in the middle of a vast forest with no clear way out. How the West acts now, as the Soviet Union seeks its bearings and its way, will help determine how the Soviet Union acts when it has again regained its coherence and inherent capabilities.